

bank from the Federal Reserve Bank and to do such other things as may be necessary to effect the withdrawal of such bank from membership in the Federal Reserve System.

(3) Notice of intention to withdraw or application for waiver of six months' notice of intention to withdraw by any bank which is in the hands of a conservator or other State official acting in a capacity similar to that of a conservator should be accompanied by advice from the conservator or other such State official that he joins in such notice or application.

(c) *Time and method of effecting actual withdrawal.* Upon the expiration of six months after notice of intention to withdraw or upon the waiving of such six months' notice by the Board, such bank may surrender its stock and its certificate of membership to the Federal Reserve Bank and request that same be canceled and that all amounts due to it from the Federal Reserve Bank be refunded.¹⁰ Unless withdrawal is thus effected within eight months after notice of intention to withdraw is first given, or unless the bank requests and the Board grants an extension of time, such bank will be presumed to have abandoned its intention of withdrawing from membership and will not be permitted to withdraw without

¹⁰ A bank's withdrawal from membership in the Federal Reserve System is effective on the date on which the Federal Reserve Bank stock held by it is duly canceled. Until such stock has been canceled, such bank remains a member of the Federal Reserve System, is entitled to all the privileges of membership, and is required to comply with all provisions of law and all regulations of the Board pertaining to member banks and with all conditions of membership applicable to it. Upon the cancellation of such stock, all rights and privileges of such bank as a member bank shall terminate.

Upon the cancellation of such stock, and after due provision has been made for any indebtedness due or to become due to the Federal Reserve Bank, such bank shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one percent per month from the date of last dividend, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to the repayment of deposits and of any other balance due from the Federal Reserve Bank.

again giving six months' written notice or obtaining the waiver of such notice.

(d) *Withdrawal of notice.* Any bank which has given notice of its intention to withdraw from membership in a Federal Reserve Bank may withdraw such notice at any time before its stock has been canceled and upon doing so may remain a member of the Federal Reserve System. The notice rescinding the former notice should be accompanied by a certified copy of an appropriate resolution duly adopted by the board of directors of the bank.

[Reg. H, 17 FR 8006, Sept. 4, 1952. Redesignated at 39 FR 5482, Feb. 13, 1974, as amended at 59 FR 55988, Nov. 10, 1994]

§ 208.12 Board forms.

All forms referred to in this part and all such forms as they may be amended from time to time shall be a part of the regulations in this part.

[Reg. H, 17 FR 8006, Sept. 4, 1952. Redesignated at 39 FR 5482, Feb. 13, 1974]

§ 208.13 Capital adequacy.

The standards and guidelines by which the capital adequacy of state member banks will be evaluated by the Board are set forth in appendix A and appendix E for risk-based capital purposes, and, with respect to the ratios relating capital to total assets, in appendix B to part 208 and in appendix B to the Board's Regulation Y, 12 CFR part 225.

[Reg. H, 61 FR 47369, Sept. 6, 1996]

§ 208.14 Procedures for monitoring Bank Secrecy Act compliance.

(a) *Purpose.* This section is issued to assure that all state member banks establish and maintain procedures reasonably designed to assure and monitor their compliance with the provisions of subchapter II of chapter 53 of title 31, United States Code, the Bank Secrecy Act, and the implementing regulations promulgated thereunder by the Department of Treasury at 31 CFR part 103, requiring recordkeeping and reporting of currency transactions.

(b) *Establishment of compliance program.* On or before April 27, 1987, each bank shall develop and provide for the continued administration of a program

reasonably designed to assure and monitor compliance with the recordkeeping and reporting requirements set forth in subchapter II of chapter 53 of title 31, United States Code, the Bank Secrecy Act, and the implementing regulations promulgated thereunder by the Department of Treasury at 31 CFR part 103. The compliance program shall be reduced to writing, approved by the board of directors, and noted in the minutes.

(c) *Contents of compliance program.* The compliance program shall, at a minimum:

- (1) Provide for a system of internal controls to assure ongoing compliance;
- (2) Provide for independent testing for compliance to be conducted by bank personnel or by an outside party;
- (3) Designate an individual or individuals responsible for coordinating and monitoring day-to-day compliance; and
- (4) Provide training for appropriate personnel.

(Approved by the Office of Management and Budget under control number 7100-0196)

[Reg. H, 52 FR 2860, Jan. 27, 1987]

§ 208.15 Agricultural loan loss amortization.

(a) *Definitions.* For purposes of this section:

- (1) *Agricultural Bank* means a bank:
 - (i) The deposits of which are insured by the Federal Deposit Insurance Corporation;
 - (ii) Which is located in an area of the country the economy of which is dependent on agriculture;
 - (iii) Which has total assets of \$100,000,000 or less as of the most recent Report of Condition; and
 - (iv) Which has:
 - (A) At least 25 percent of its total loans in qualified agricultural loans and agriculturally-related other property; or
 - (B) Less than 25 percent of its total loans in qualified agricultural loans and agriculturally-related other property but which bank the Board or the Reserve Bank in whose District the bank is located or its primary state regulator has recommended to the Federal Deposit Insurance Corporation for eligibility under this part.

(2) *Qualified agricultural loan* means:

- (i) Loans qualifying as *loans to finance agricultural production and other loans to farmers* or as *loans secured by farm land* for purposes of Schedule RC-C of the FFIEC Consolidated Report of Condition or such other comparable schedule;
- (ii) Loans secured by farm machinery;
- (iii) Other loans that a bank proves to be sufficiently related to agriculture for classification as an agricultural loan by the Federal Reserve; and
- (iv) The remaining unpaid balance of any loans, described in paragraphs (a)(2) (i), (ii) and (iii) of this section, that have been charged off since January 1, 1984, and that qualify for deferral under this section.

(3) *Accepting Official* means:

- (i) The Reserve Bank in whose District the bank is located; or
- (ii) The Director of the Division of Banking Supervision and Regulation in cases in which the Reserve Bank cannot determine that the bank qualifies under the regulation.

(4) *Agriculturally-related other property* means any property, real or personal, that the bank owned on January 1, 1983, and any such additional property that it acquires prior to January 1, 1992, in connection with a qualified agricultural loan. For the purposes of §§ 208.15(a)(1)(iv) and 205.15(e), the value of such property shall include the amount previously charged off as loss.

(b) *Loss amortization and reappraisal.*

(1) *Provided* That there is no evidence that the loss resulted from fraud or criminal abuse on the part of the bank, its officers, directors, or principal shareholders, a bank that has been accepted under this section may, in the manner described below, amortize in its Reports of Condition and Income:

(i) Any loss that the bank would be required to reflect in its financial statements for any period between and including 1984 and 1991.

(ii) Any loss that the bank would be required to reflect in its financial statements for any period between and including 1983 and 1991 resulting from a reappraisal or sale of agriculturally-related other property.

(2) Amortization under this section shall be computed over a period not to